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هاتف ٠٨-٥٢٤٠٠٨-٦-٩٦٢ مع فطر الي  
فاكس ٠٨-٥٢٤٠٠٨-٦-٩٦٢  
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**CENTRAL ELECTRICITY GENERATING COMPANY**

**PUBLIC SHAREHOLDING COMPANY**

**UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS**

**30 JUNE 2018**



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**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL STATEMENTS  
TO THE BOARD OF DIRECTORS OF  
CENTRAL ELECTRICITY GENERATING COMPANY  
PUBLIC SHAREHOLDING COMPANY  
AMMAN - JORDAN**

**Introduction**

We have reviewed the accompanying interim condensed financial statements of Central Electricity Generating Company (the "Company") as at 30 June 2018, comprising of the interim statement of financial position as at 30 June 2018 of, and the related interim statement of comprehensive income, interim statement of changes in equity and interim statement of cash flows for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with IAS 34 "*Interim Financial Reporting*". Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

**Scope of review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the independent Auditor of the Entity". A review of Interim financial information consists of making inquiries, primarily of persons responsible for the financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34.

Amman – Jordan  
25 July 2018

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2018**

	Notes	30 June 2018 JD (Unaudited)	31 December 2017 JD (Audited)
<b><u>ASSETS</u></b>			
<b>NON-CURRENT ASSETS -</b>			
Property, plant and equipment		126,340,323	132,397,164
Projects in progress		2,941,197	2,351,260
Employees' housing fund loan		312,432	312,432
Investment in an associate		518,978	539,292
Deferred tax assets		900,609	953,541
Strategic fuel inventories		14,620,883	14,643,089
		<u>145,634,422</u>	<u>151,196,778</u>
<b>CURRENT ASSETS -</b>			
Inventories		20,856,449	22,201,011
Other current assets		2,258,358	4,665,653
Accounts receivable	3	78,793,226	39,766,080
Cash and bank balances		36,721	25,388
		<u>101,944,754</u>	<u>66,658,132</u>
<b>TOTAL ASSETS</b>		<u><u>247,579,176</u></u>	<u><u>217,854,910</u></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>EQUITY -</b>			
Paid in capital		30,000,000	30,000,000
Statutory reserve		7,500,000	7,500,000
Voluntary reserve		10,672,932	18,672,932
Cash flow hedge reserve		(2,601,166)	(2,978,319)
Retained earnings		8,442,885	7,129,709
<b>TOTAL EQUITY</b>		<u>54,014,651</u>	<u>60,324,322</u>
<b>LIABILITIES -</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term loans		32,253,800	53,848,751
Employees' end-of-service indemnity provision		5,801,484	5,991,254
Decommissioning provision		2,384,410	2,310,500
Derivative financial liability	5	1,496,027	3,372,785
		<u>41,935,721</u>	<u>65,523,290</u>
<b>CURRENT LIABILITIES</b>			
Current portion of long term loans		33,732,654	28,805,080
Other current liabilities		11,477,588	6,462,372
Accounts payable	3	61,651,900	27,338,099
Derivative financial liability	5	2,434,419	1,950,496
Due to banks		41,979,793	26,901,590
Income tax provision		352,450	549,661
		<u>151,628,804</u>	<u>92,007,298</u>
<b>TOTAL LIABILITIES</b>		<u>193,564,525</u>	<u>157,530,588</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>247,579,176</u></u>	<u><u>217,854,910</u></u>

The attached notes from 1 to 10 form part of these interim condensed financial statements

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE THREE MONTHS AND SIX-MONTH PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	Note	For the three-month period ended 30 June		For the six-month period ended 30 June	
		2018	2017	2018	2017
		JD	JD	JD	JD
Power generation revenues		21,246,488	33,909,763	72,005,766	79,200,310
Stations operating costs		(7,466,208)	(18,297,764)	(43,805,552)	(47,681,415)
Depreciation		(3,078,031)	(3,089,259)	(6,160,523)	(6,179,238)
Administrative expenses		(2,271,227)	(2,603,139)	(4,615,305)	(4,950,910)
Maintenance costs		(1,558,071)	(1,587,270)	(4,252,026)	(2,919,602)
Provision for slow-moving inventories		(469,214)	(97,141)	(949,429)	(597,141)
Employees' end-of-service indemnity provision		(178,541)	(192,721)	(354,362)	(382,636)
Total operating costs		(15,021,292)	(25,867,294)	(60,137,197)	(62,710,942)
<b>OPERATING PROFIT</b>		6,225,196	8,042,469	11,868,569	16,489,368
Foreign currency exchange loss, net		229,327	(171,102)	(502,080)	(696,204)
Share of (loss) profit of an associate		(20,314)	17,868	(20,314)	17,868
Provision for doubtful debts		-	(10,566,562)	-	(10,652,045)
Other income, net		446,563	251,027	891,754	1,342,380
Finance costs, net		(1,655,416)	(1,915,641)	(3,417,886)	(3,781,799)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>		5,225,356	(4,341,941)	8,820,043	2,719,568
Income tax expense	6	(241,238)	(491,583)	(506,867)	(1,368,026)
<b>PROFIT (LOSS) FOR THE PERIOD</b>		4,984,118	(4,833,524)	8,313,176	1,351,542
Other comprehensive income items to be reclassified to profit or loss in subsequent periods (net of tax):					
(Loss) gain on cash flow hedges		(71,544)	(6,615)	377,153	(170,625)
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		4,912,574	(4,840,139)	8,690,329	1,180,917
		JD / Fils	JD / Fils	JD / Fils	JD / Fils
Basic and diluted earnings (loss) per share		0/166	(0/161)	0/277	0/045

The attached notes from 1 to 10 form part of these interim condensed financial statements

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	Paid in capital	Statutory reserve	Voluntary Reserve	Cash flow hedge reserve	Retained earnings	Total
	JD	JD	JD	JD	JD	JD
<b>For the six months ended 30 June 2018</b>						
Balance at 1 January 2018	30,000,000	7,500,000	18,672,932	(2,978,319)	7,129,709	60,324,322
Total comprehensive income for the period	-	-	-	377,153	8,313,176	8,690,329
Dividends (Note 8)	-	-	(8,000,000)	-	(7,000,000)	(15,000,000)
<b>Balance at 30 June 2018</b>	<b>30,000,000</b>	<b>7,500,000</b>	<b>10,672,932</b>	<b>(2,601,166)</b>	<b>8,442,885</b>	<b>54,014,651</b>
<b>For the six months ended 30 June 2017</b>						
Balance at 1 January 2017	30,000,000	7,500,000	26,672,932	(2,593,918)	7,823,582	69,402,596
Total comprehensive income for the period	-	-	-	(170,625)	1,351,542	1,180,917
Dividends (Note 8)	-	-	(8,000,000)	-	(7,000,000)	(15,000,000)
<b>Balance at 30 June 2017</b>	<b>30,000,000</b>	<b>7,500,000</b>	<b>18,672,932</b>	<b>(2,764,543)</b>	<b>2,175,124</b>	<b>55,583,513</b>

The attached notes from 1 to 10 form part of these interim condensed financial statements

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**INTERIM CONDENSED STATEMENT OF CASH FLOWS**  
**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2018 (UNAUDITED)**

	For the six-month period ended 30 June	
Note	2018 JD	2017 JD
<b>OPERATING ACTIVITIES</b>		
Profit for the period before income tax	8,820,043	2,719,568
<b>Adjustments for:</b>		
Depreciation	6,160,523	6,179,238
Provision for slow-moving inventories	949,429	597,141
Employee's end-of-service indemnity provision	354,362	382,636
Provision for employee's vacation	105,227	126,820
Provision for doubtful debts	-	10,652,045
Foreign currency exchange loss	502,080	696,204
Share of loss (profit) of an associate	20,314	(17,868)
Finance costs	3,418,027	3,784,869
Interest income	(141)	(3,070)
Gain on disposal of property, plant and equipment	(9,665)	(6,153)
<b>Working capital changes:</b>		
Accounts receivable	(39,027,146)	(8,452,116)
Other current assets	245,578	(552,306)
Inventories	417,339	(2,477,009)
Accounts payable	34,313,801	8,258,872
Other current liabilities	(77,147)	(404,735)
Employee's end-of-service indemnity provision paid	(544,132)	(67,024)
Employee's vacations provision paid	(61,248)	(3,837)
Provisions and other fees paid	(699,641)	(25,000)
Employees termination benefits provision paid	(1,156,789)	-
Income tax paid	(651,146)	(1,131,114)
<b>Net cash flows from operating activities</b>	<b>13,079,668</b>	<b>20,257,161</b>
<b>INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment, and projects in progress	(694,033)	(1,043,894)
Proceeds from sale of property, plant and equipment	10,079	37,681
Proceeds from sale of decommissioned units' fuel	2,161,718	-
Interest received	141	3,070
<b>Net cash flows from (used in) investing activities</b>	<b>1,477,905</b>	<b>(1,003,143)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from loans	-	4,260,000
Dividends paid	(8,000,000)	(15,000,000)
Repayments of loans	(18,366,391)	(12,969,600)
Interest paid	(3,258,548)	(3,542,829)
<b>Net cash flows used in financing activities</b>	<b>(29,624,939)</b>	<b>(27,252,429)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(15,067,366)</b>	<b>(7,998,411)</b>
Effect of foreign exchange rate changes on cash and cash equivalents	496	7,815
Cash and cash equivalents at 1 January	(26,876,202)	(35,783,447)
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>4 (41,943,072)</b>	<b>(43,774,043)</b>

The attached notes from 1 to 10 form part of these interim condensed financial statements

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2018 (UNAUDITED)**

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**1. GENERAL**

Central Electricity Generating Company (the "Company" or "CEGCO") was registered in accordance with the Jordanian Companies Law No. (22) of 1997 and in implementation of the Council of Ministers resolution dated 4 October 1997, regarding the establishment of a separate company from the National Electric Power Company, to conduct electrical generating activities, which is the main activity the Company is engaged in.

The Company was registered with the Ministry of Industry and Trade on 12 February 1998 as a public shareholding company under number (334), and commenced its industrial and commercial activities on 1 January 1999.

In accordance with the privatization initiatives, the Government during 2007 sold 51% of CEGCO shares to ENARA Energy Investments (Private Shareholding Company). Another 9% of the Government's shares was sold to the Social Security Corporation. In connection with the sale, CEGCO has signed new Power Purchase Agreements (PPA) with National Electric Power Company (NEPCO).

The interim condensed financial statements for the six-month period ended 30 June 2018 were authorized for issuance by the Company's Board of Directors in their meeting held on 25 July 2018.

**2. BASIS OF PREPARATION**

The interim condensed financial statements of CEGCO have been prepared in accordance with International Accounting Standard No. (34) "Interim Financial Reporting".

The interim condensed financial statements do not contain all the information and disclosures that are required by the International Financial Reporting Standards (IFRSs) for preparing the annual financial statements, and should be read in conjunction with the Company's annual report as at 31 December 2017. Furthermore, the results of operations for the six-month period ended 30 June 2018 do not necessarily reflect the expected results of operations for the year ending 31 December 2018.



### **Changes in Accounting Policies**

The accounting policies adopted in the preparation of the interim condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2017, except for the adoption of new standards effective as of 1 January 2018:

#### **IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company had previously implemented the first phase of IFRS 9 as issued during 2009. The date of initial implementation of the first phase of IFRS 9 was 1 January 2011. The standard has been applied retrospectively and, in line with IFRS 9, comparative amounts have not been restated. The standard eliminates the use of the IAS 39 incurred loss impairment model approach, uses the revised hedge accounting framework, and the revised guidance on the classification and measurement requirements.

#### **Impairment**

The adoption of IFRS 9 has fundamentally changed the Company's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Company to record an allowance for ECLs for all debt instruments measured at amortization cost.

For all debt instruments, the Company has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Company has established a provision matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

#### **Hedge accounting**

The Company applied hedge accounting prospectively. At the date of the initial application, all of the Company's existing hedging relationships were eligible to be treated as continuing hedging relationships. Consistent with prior periods, the Company has continued to designate the change in fair value of the entire forward contract in the Company's cash flow hedge relationships and, as such, the adoption of the hedge accounting requirements of IFRS 9 had no significant impact on the Company's interim condensed financial statements.

#### **IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Company adopted IFRS 15 using the modified retrospective approach. The effect of adopting IFRS 15 was not material on the Retained Earnings and impacted its accounting policy for revenue recognition as detailed below:

##### **(a) Rendering of services**

Under IFRS 15, the Company concluded that revenue from services will continue to be recognised over time, using an input method to measure progress towards complete satisfaction of the service similar to the previous accounting policy, because the customer simultaneously receives and consumes the benefits provided by the Company. Revenue from the sale of the equipment will continue to be recognised at a point in time, upon delivery of the equipment.

##### **(b) Other adjustments**

In addition to the adjustment described above, upon adoption of IFRS 15, other items of the primary financial statements such as deferred taxes, assets held for sale and liabilities associated with them, profit or loss after tax for the period from discontinued operations, investments in associate and a joint venture, share of profit of an associate and a joint venture, income tax expense, and retained earnings, were adjusted as necessary. Furthermore, exchange differences on translation of foreign operations were also adjusted.

**IFRIC Interpretation 22 Foreign Currency Transactions and Advance Considerations**

The Interpretation clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration.

This Interpretation does not have any impact on the Company's interim condensed financial statements.

**Amendments to IAS 40 Transfers of Investment Property**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

These amendments do not have any impact on the Company's interim condensed financial statements.

**Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions**

The IASB issued amendments to IFRS 2 Share-based Payment that address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met.

These amendments do not have any impact on the Company's interim condensed financial statements.

**Amendments to IAS 28 Investments in Associates and Joint Ventures - Clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice**

The amendments clarify that an entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss. If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments do not have any impact on the Company's interim condensed financial statements.

**3. ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE**

The accounts receivable balance represents amount due from National Electric Power Company (NEPCO). In accordance with the Purchase Power Agreements signed with NEPCO, NEPCO is liable to pay all the cost of fuel and gas used in power generation to Jordan Petroleum Refinery Company (JPRC) and National Petroleum Company. Accordingly, accounts receivable from NEPCO include an amount of JD 61,651,900 as at 30 June 2018 to offset accounts payable to JPRC with an amount of JD 58,558,018 and to National Petroleum Company with an amount of JD 3,093,882.

**4. CASH AND CASH EQUIVALENTS**

	30 June 2018 JD	30 June 2017 JD
Cash at banks	36,689	240,251
Cash on hand	32	26,585
	36,721	266,836
Less: due to banks	(41,979,793)	(44,040,879)
	<u>(41,943,072)</u>	<u>(43,774,043)</u>

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
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**5. DERIVATIVE FINANCIAL INSTRUMENTS**

The details of the derivative financial instruments at 30 June 2018 and 31 December 2017 are as follows:

	30 June 2018 (Unaudited)		
	Current	Non-current	Total
	JD	JD	JD
Currency forward contracts*	2,270,529	1,496,027	3,766,556
Interest rate swaps contracts**	163,890	-	163,890
	<u>2,434,419</u>	<u>1,496,027</u>	<u>3,930,446</u>

  

	31 December 2017 (Audited)		
	Current	Non-current	Total
	JD	JD	JD
Currency forward contracts*	1,573,528	3,306,313	4,879,841
Interest rate swaps contracts**	376,968	66,472	443,440
	<u>1,950,496</u>	<u>3,372,785</u>	<u>5,323,281</u>

\* Loans with Overseas Economic Cooperation Fund (Japan) are denominated in JPY. To mitigate its exposure to fluctuations in currency rates, the Company entered into forward contracts.

For the purpose of hedge accounting, the forward contracts are classified as cash flow hedges as CEGCO is hedging the exposure to variability in cash flows that is attributable to the foreign currency fluctuations risk associated with a highly probable forecast transaction.

The negative fair value of the currency forward contracts amounted to JD 3,766,556 as of 30 June 2018 and was recorded as a current and non-current liability in the interim condensed statement of financial position.

The cash flow hedges were assessed to be highly effective and a cumulative unrealized gain of JD 97,603 has been included in the interim condensed statement of comprehensive income.

\*\* CEGCO loans with Standard Chartered are in the form of variable interest rate loans. To mitigate its exposure to fluctuations in market interest rates, the Company entered into interest rate swap contracts that effectively fix the interest rate on 90% of the principal amount of term loan with Standard Chartered.

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
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For the purpose of hedge accounting, the Company's interest rate swap contracts are classified as cash flow hedges, as the Company is hedging exposure to variability in cash flows that is attributable to the interest rate risk associated with a highly probable forecast transaction.

The negative fair value of the interest rate swaps amounted to JD 163,890 was recorded as current liability in the interim condensed statement of financial position as of 30 June 2018.

The cash flow hedges were assessed to be highly effective and a cumulative unrealized gain of JD 279,550 as of 30 June 2018 was included in interim condensed statement of comprehensive income.

## **6. INCOME TAX**

CEGCO has provided for income tax for the periods ended 30 June 2018 and 2017 in accordance with Income Tax Law No. (34) of 2014 and in accordance with Aqaba Special Economic Zone Law No. (32) for 2000 for the Company's locations in Aqaba. Income tax expense presented in the interim condensed statement of comprehensive income consist of the following:

	For the six-month period ended 30 June	
	2018	2017
	JD	JD
Income tax expense for the period	453,935	1,388,343
Amount released (added to) from deferred tax assets	52,932	(20,317)
	<u>506,867</u>	<u>1,368,026</u>

### **Aqaba-**

The Company submitted its tax returns for the years up to 2017. The Income and Sales Tax Department / Aqaba Special Economic Zone Authority reviewed the records of Aqaba location for the years up to 2013. The Company reached a final settlement with Income and Sales Tax Department with respect to Aqaba location for the years up to 2013.

### **Other locations-**

The Company submitted its tax returns for the years up to 2017 except for Aqaba location. The Income and Sales Tax Department has not reviewed the Company's records up to the date of the interim condensed financial statements. The Company reached a final settlement with Income and Sales Tax Department for the years up to 2014.

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**30 JUNE 2018 (UNAUDITED)**

**7. RELATED PARTY TRANSACTIONS**

Related parties represent associated companies, major shareholders, directors and key management personnel of CEGCO, and entities controlled, jointly controlled or significantly influenced by such parties.

Pricing policies and terms of the transactions with related parties are approved by CEGCO's management.

**Interim condensed statement of financial position items**

<b>Amounts due from related parties:</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
	<b>JD</b>	<b>JD</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
National Electric Power Company - Government of Jordan*	78,793,226	39,766,080
The Local Company for Water and Solar Projects	142,153	230
ACWA Power / Maroc. SARL	231	231
Red Sea Energy (Jordan)	7,387	6,387
Al Zarqa Power Plant for Energy Generation	144,504	185,573
Risha for Solar Energy Projects	3,200	1,600
Government of Jordan	424,664	424,664
Raeda Energy Company	2,000	1,000
	<u>79,517,365</u>	<u>40,385,765</u>

\* This balance is net of allowance for doubtful debts of JD 4,934,360 as at 30 June 2018 (2017: JD 4,934,360).

<b>Amounts due to related parties:</b>	<b>30 June 2018</b>	<b>31 December 2017</b>
	<b>JD</b>	<b>JD</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
National Petroleum Company - Government of Jordan	3,093,882	2,868,940
Enara Energy Investments	18,090	7,420
ACWA Power International Company for Water and Power Projects – Dubai	14,313	14,313
ACWA Power Global Services LLC	1,469	1,402
ACWA Power Jordan Holding Co.	46,811	70,027
ACWA Power Company / Riyadh	7,309	5,488
	<u>3,181,874</u>	<u>2,967,590</u>

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
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Interim condensed statement of comprehensive income items	For the six month period ended 30 June	
	2018	2017
	JD	JD
<b><u>Power generation revenues:</u></b>		
National Electric Power Company (Government of Jordan)	71,955,801	79,184,530
<b><u>Stations operating costs:</u></b>		
National Petroleum Company (Government of Jordan)	6,198,919	3,064,745
<b><u>Other income:</u></b>		
Enara Energy Investment	4,000	4,000
The Local Company for Water and Solar Projects ***	2,100	2,100
Red Sea Energy (Jordan)	1,000	1,000
ACWA Power Jordan Holdings	900	900
Al Zarqa Power Plant for Energy Generation *	662,131	797,653
Risha for Solar Energy Projects****	1,600	1,600
Raeda Energy Company	1,000	1,000
ACWA Power Company / Riyadh	-	1,198
	<u>672,731</u>	<u>809,451</u>
<b><u>Administrative expenses:</u></b>		
Enara Energy Investment	21,600	21,600
ACWA Power Global Services LLC	67	6,857
ACWA Power Company / Riyadh**	1,821	1,442
ACWA Power International Company for Water and Power Projects – Dubai	-	263
NOMAC Gulf Operation & Maintenance LLC*****	4,281	-
Board of Directors remuneration and transportation	21,010	21,000
	<u>48,779</u>	<u>51,162</u>

\* On 21 December 2015, the Company entered into a 25 years' land operating lease with Al Zarqa Power Plant for Energy Generation for an annual rent of JD 50,000. Furthermore, on 20 May 2016, the Company entered into service and operating and maintenance agreement with Al Zarqa Power Plant for Energy Generation.

\*\* On 28 October 2014, the Company entered into a service agreement with ACWA Power Company (Parent Company) to obtain professional, financial, legal and technical services.



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- \*\*\* On 13 November 2016, the Company entered into operation and maintenance agreement with The Local Company for Water and Solar Projects
- \*\*\*\* On 21 November 2017, the Company entered into an agreement with Risha Company for Solar Projects to provide operation and maintenance services.
- \*\*\*\*\* On 17 April 2017, the Company entered into a service agreement with NOMAC Gulf Operation & Maintenance LLC to obtain professional and operation & maintenance.

**Compensation of key management personnel**

	For the six-month period ended 30 June	
	2018	2017
	JD	JD
Salaries and benefits	<u>351,694</u>	<u>277,150</u>

**8. Dividends**

In its ordinary meeting held on 25 April 2018, the General Assembly approved the Board of Directors recommendation to distribute dividends of JD 15,000,000 to the shareholders from the voluntary reserve and retained earnings with an amount of JD 8,000,000 and JD 7,000,000 respectively.

**9. COMMITMENTS AND CONTINGENCIES**

***Letters of credit and bills of collection -***

At 30 June 2018, CEGCO has outstanding letters of credit and bills of collection amounting to JD 930,293 (31 December 2017: JD 1,672,983).

***Letters of guarantee -***

At 30 June 2018, CEGCO has outstanding letters of guarantee amounting to JD 26,039 (31 December 2017: JD 26,339).

***Legal claims -***

The Company is a defendant in a number of lawsuits of approximately JD 2,767,757 (2017: JD 3,146,332). The Company's management and its independent legal counsel believe that no additional provision is needed other than what has already been recognized in the interim condensed financial statements.

***Capital commitments -***

CEGCO entered into commitments in the ordinary course of business for major capital expenditures. Capital expenditures commitments are JD 1,686,741 as at 30 June 2018 (31 December 2017: JD 2,299,254)

***Dispute with Jordan Petroleum Refinery Company (JPRC) -***

The Jordan Petroleum Refinery Company JPRC is claiming an amount of JD 96,193,737 as interest on late payment of the monthly invoices. The Fuel Supply Agreement (FSA) with JPRC stipulates that JPRC shall be entitled to receive interest on late payment of the unpaid invoices after 45 days from the invoice date.

The Company's management and its independent legal counsel believe that JPRC has no right to claim these amounts as per the (FSA).

**CENTRAL ELECTRICITY GENERATING COMPANY – PUBLIC SHAREHOLDING COMPANY**  
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**10. SEGMENT INFORMATION**

The following tables present the interim condensed statement comprehensive income information for Aqaba and other locations for the periods ended 30 June 2018 and 2017. The information is presented to facilitate the income tax review as the company is subject to different tax rates on Aqaba's operation.

	For the six-month period ended 30 June 2018		
	Aqaba	Other	Total
	JD	Locations	JD
Power generation revenues	56,573,402	15,432,364	72,005,766
Stations operating costs	(35,983,294)	(7,822,258)	(43,805,552)
Depreciation	(3,865,096)	(2,295,427)	(6,160,523)
Administrative expenses	(2,331,000)	(2,284,305)	(4,615,305)
Maintenance costs	(1,375,247)	(2,876,779)	(4,252,026)
Provision for slow-moving inventories	(512,200)	(437,229)	(949,429)
Employee's end-of-service indemnity provision	(182,681)	(171,681)	(354,362)
Total operating costs	(44,249,518)	(15,887,679)	(60,137,197)
<b>OPERATING PROFIT (LOSS)</b>	<b>12,323,884</b>	<b>(455,315)</b>	<b>11,868,569</b>
Foreign currency exchange loss, net	(502,204)	124	(502,080)
Share of loss of an associate	-	(20,314)	(20,314)
Other income, net	62,852	828,902	891,754
Finance costs, net	(2,327,306)	(1,090,580)	(3,417,886)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>9,557,226</b>	<b>(737,183)</b>	<b>8,820,043</b>
Income tax expense	(468,021)	(38,846)	(506,867)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>9,089,205</b>	<b>(776,029)</b>	<b>8,313,176</b>

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	For the six-month period ended 30 June 2017		
	Aqaba	Other locations	Total
	JD	JD	JD
Power generation revenues	61,809,222	17,391,088	79,200,310
Stations operating costs	(40,435,061)	(7,246,354)	(47,681,415)
Depreciation	(3,784,557)	(2,394,681)	(6,179,238)
Administrative expenses	(2,472,680)	(2,478,230)	(4,950,910)
Maintenance costs	(1,511,573)	(1,408,029)	(2,919,602)
Provision for slow-moving inventories	(176,384)	(420,757)	(597,141)
Employee's end-of-service indemnity provision	(200,301)	(182,335)	(382,636)
Total operating costs	(48,580,556)	(14,130,386)	(62,710,942)
<b>OPERATING PROFIT</b>	<b>13,228,666</b>	<b>3,260,702</b>	<b>16,489,368</b>
Foreign currency exchange loss, net	(692,435)	(3,769)	(696,204)
Share of profit of an associate	-	17,868	17,868
Provision for doubtful debts	(4,140,331)	(6,511,714)	(10,652,045)
Other income, net	9,073	1,333,307	1,342,380
Finance costs, net	(2,522,984)	(1,258,815)	(3,781,799)
<b>PROFIT (LOSS) BEFORE INCOME TAX</b>	<b>5,881,989</b>	<b>(3,162,421)</b>	<b>2,719,568</b>
Income tax expense	(503,427)	(864,599)	(1,368,026)
<b>PROFIT (LOSS) FOR THE PERIOD</b>	<b>5,378,562</b>	<b>(4,027,020)</b>	<b>1,351,542</b>